

AID STRATEGY FOR FOOD AND AGRICULTURE DEVELOPMENT ASSISTANCE.

I. Introduction

The objectives of U.S. assistance in food and agriculture as stated in the AID policy paper, Food and Agricultural Development [May 1982], are to enable countries to become self-reliant in food, assure food security, and achieve economic growth. These broad objectives are supported by the closely interrelated sub-objectives of increased food availability and improved food consumption. National comparative advantage, will be promoted. Effectively increasing and helping sustain the productivity, incomes, and market participation of producers on small holdings will receive major attention.

This strategy paper focuses on how this policy is to be implemented. It specifies activities to be supported and provides guidance as to how the Agency can provide that support. It addresses only a part of the total Agency economic assistance program and should be read in conjunction with other strategy papers.

Food and agriculture development assistance will concentrate on four areas:

- improving developing country policies,
- strengthening human resources and institutional capacities with special emphasis on science and technology,
- expanding the role of the developing country private sector and the complementary role of the U.S. private sector in assisting that expansion, and
- integrating all available assistance instruments, including PL 480 food aid.

Within each of the four areas, opportunities for collaboration will be identified which will link and make better use of AID mission, regional, and central resources to achieve Agency objectives.

II. Strategy to Improve Country Policies

There are three sub-elements to improving developing country policies* [Footnote: *The introductions to this and the following three sections are taken from AID Policy Paper Food and Agricultural Development [May 1982] to provide context for the proposed strategies. End Footnote)

- to critically examine country policies affecting food and agriculture development and to concentrate assistance

in countries where an appropriate policy framework already exists or where there is a commitment to improvement,

- to analyze the constraints to improved policies in countries where AID provides assistance and engage in dialogue with countries on changes in policies intended to improve agricultural incentives and opportunities, and
- to provide technical assistance and training to improve country policy analysis and planning capacity.

A. Examination of Country Policies

USAID missions, if they have not adequately done so, will review host country policies affecting food and agriculture growth and development. The reviews will assess policies that have an effect on productivity in the food system, both the production and post-production elements. Productivity and production increases in the agricultural sector are often directly related to the demand generated from the urban and industrial sector for food, agricultural raw materials, and labor. The reviews will assess the growth strategy in the industrial sector as it impacts on agriculture. Fiscal and monetary policies, including exchange rates, which are directed to the general economy but have major impacts on the well-being of people in agriculture will also be reviewed. Particular attention will be paid to the degree to which policies encourage fair competitive practices in input and product markets and the extent to which policies provide farmers with small holdings access to production inputs and benefits from their use. Other policies as indicators of host country commitment to development to be examined will include:

- incorporation of nutritional and of population and health considerations explicitly in program and project objectives;
- improvement of management of public programs and institutions;
- recruitment retention and motivation of qualified staff;
- provision of adequate budget support, especially for recurrent costs;
- improvement of the status of women in the rural economy; and
- participation of beneficiaries and local representatives in planning, decision-making, and evaluation.

The review of policies will require a macro-economic perspective, but it must be one that comprehends the economics and politics of food and agriculture. Food sector strategies can provide a framework to develop the required policy information. Agency policy encourages preparation of World Food Council or similar food sector strategies.

B. Analysis and Dialogue

Analysis of constraints to improved policies will be made by missions. The resources of missions and regional bureaus can be supplemented by AID/W [S&T] project resources, where necessary, to support such analyses. Guidelines will be prepared by AID/W [PPC & S&T in collaboration with the regional bureaus] to assist missions to analyze key policy questions. A pool of expertise will be identified by AID/W [S&T in collaboration with the regional bureaus] to assist missions, if desired, to carry out more in-depth analyses.

Missions will engage in continuing dialogue with host country officials, as appropriate, regarding changes in policy. Understanding of and regard for host country objectives by AID is fundamental to effective dialogue. Initiating changes which best ensure attainment of common objectives shared by host countries and AID will enhance AID success in improving host country policies. It may be desirable to use incentives to encourage recommended reforms such as support for flexible and innovative activities and assistance projects to test new ideas and approaches.

C. Technical Assistance and Training

Missions are encouraged to propose special activities, project components, or policy and planning projects for strengthening country capacities to collect, use, and/or analyze data for policy formulation and change. Special attention will be given to linking improved analytical capability with decision-making. The emphasis of analytical assistance will be on:

- specific policy questions such as fertilizer pricing or food price support and stabilization;
- incremental, step-by-step decision-making; and
- information gathering and analysis techniques that involve decision-makers in the total process.

Training will be an integral part of technical assistance for the purpose of building sustainable institutional capacity to identify priority problems and carry out analysis to improve policy-making.

Less emphasis will be given to supporting large, quantitative sector modeling studies which, while of value to countries in some cases, generally have not responded to their priority needs.

III. Strategy to Develop Human Resources and Institutional Capacities, with Special Emphasis on Science and Technology.

Effective institutions are needed to carry out food and agriculture development. High priority will be given to strengthening institutions that give a developing country the capacity to [1] generate and apply a continuing stream of innovations designed to increase agricultural productivity and incomes, and [2] evaluate and adapt technologies transferred from developed countries and from international and regional organizations.

AID's strategy for strengthening human resources and institutional capacities for food and agriculture development is to improve:

- the level of knowledge and technology that is applicable to developing countries, and
- the institutional processes of getting those technologies developed and adopted in those countries.

The wealth of opportunities, combined with the scarcity of both financial and human resources, makes it imperative to select topics with the greatest likelihood of contributing to achievement of national objectives of developing countries. The strategy to support food and agriculture research and extension will therefore be bound by priorities established on the basis of needs, what others are doing, and what the Agency can do best to contribute to the development and transfer of technologies with high payoff including wide distribution of benefits. The Agency will periodically review its research portfolio to improve focus and concentration on ongoing research, phase out lower priority research, and add new topics for attention.

Three general levels of food and agriculture research and development activities will be pursued:

- those addressed to problems that are either country specific or that can be best resolved by relatively independent country program efforts;
- those addressed to intercountry problems that can be best resolved by collaboration among countries where the problems exist; and
- those addressed to interregional or global problems, or both, which can be best resolved by setting up or supporting research centers that assure focus on major problems of many countries and usually in more than one region.

A. Country Level Problems

AID will help to develop strong institutional capacities at local levels to identify priority research needs; to train researchers, extension agents, and teachers; to adapt modern technology to local conditions; and to interact with and deliver that improved technology to farmers. Conditions conducive to system development, to be taken as evidence of government commitment, will be encouraged in program or project support:

- stable budgetary support over time,
- consistency in leadership at the managerial level,
- quality and longevity in staffing,
- reasonable insulation from domestic politics, and
- government recognition that research is inherently a long-run endeavor.

Missions will assist recipient countries develop agendas for food and agriculture research derived from analyses of total national food systems. The strategy to strengthen human resources and institutional capacities in agricultural research and extension and in other areas at the country level will focus on key problems of high importance identified in the host country agendas. AID will use this problem focus as a means of assisting countries to strengthen systems to address them. Educational and training activities will be supported to assure availability of trained technicians to staff the technology generation and transfer functions.

Specific applications of the strategy to individual countries will be tailored to opportunities, and should go beyond traditional approaches. For example, commodity-oriented and resource-oriented research should be done on farmers' fields as well as in experiment stations. Research should focus on systems of production as well as on specific commodities. Multidisciplinary teams of technicians, including biological and social

scientists, should plan, implement, and evaluate the research and development activities. Such research should be linked with farmer advisory services and farmers in a two-way flow of problem identification, technology generation, testing, application, and feedback. Planning for technology development should consider complementary development of input distribution, credit availability, market access, policy support, and potential impact on people. Special attention should be given to the distribution of the benefits from the system, particularly to strengthening participation of farm families on small holdings, landless and near-landless laborers, and women in the production, marketing, and consumption processes. Assistance programs will promote linkages among components, but initial priorities in country development projects will be assigned to strengthening basic technology generation and transfer functions which are necessary to assure that the system receives and makes effective use of complementary assistance.

Certain program implications are implicit in all AID assistance to strengthen human resources and institutional capacities -- applying to improving country policies and to expanding the role of the private sector as well as to research and extension systems:

- Development of human resources and institutional capacities will often require a long-term commitment, e.g., 10 years or more.

- Developing the capability to match the supply of technical resources with needs will be an important key to success in strengthening human resources and institutional capacities in the future. A primary source of such assistance will come from Title XII Universities, based on revised and streamlined operating procedures and mechanisms. Other resources will be appropriate in specific circumstances, such as other U.S. agencies, private sector firms, PVOs, and other organizations. Ways will be developed to select and utilize technical assistance resources more effectively for mutually satisfactory relationships.

- AID will increasingly utilize selected local and regional institutions for training, special studies, design work, evaluation, and research as a means of strengthening such institutions.

- Activities at all levels will be carried out in coordination with other donors. The Agency encourages joining with other donors wherein they can provide some capital costs and AID can provide technical assistance and training.

B. Intercountry or Regional Problems

Some research problems can be most effectively addressed at multi-country or regional levels. The Agency strategy will be to identify productivity-limiting problems spanning major ecological regions of the world. Institutions dealing with existing or projected national, regional, and international activities in the identified problem areas will be encouraged to help initiate and implement collaborative networks. Common problems served by a network might include irrigation and on-farm water management, farming systems, pest management, rainfed/dryland crops, species evaluation, livestock, aquaculture, agroforestry, post-production problems associated with marketing, storage, and processing, etc. Networks will focus on developing intercountry programs concentrating on problems of general applicability.

Formal intercountry programs will be developed in appropriate areas through cooperation of concerned missions with the regional and S&T bureaus, utilizing steps such as the following:

- identification of specific subject areas and modes of cooperation through planning conferences that include staff from concerned developing country institutions and AID staff,
- implementation of specific activities in cooperating countries using mutually agreed upon program parameters,
- planning and implementation of special training activities in the subject areas of cooperation, and
- review of progress, visits to project sites, and planning for future activities in regular workshops.

If intercountry programming is impractical, informal coordination and exchange of information among country programs will be fostered. Relevant international and regional research centers will be enlisted, in some cases, as focal points for these collaborative research activities. Training will receive emphasis. Workshops will be encouraged to facilitate intercountry coordination in planning and implementation.

The AID Collaborative Research Support Programs [CRSPs] will be linked effectively with international and regional research centers and with national programs. Where appropriate, the CRSPs will become components in the collaborative intercountry networks.

C. Interregional or Global Problems

International agricultural research centers -- the institutions supported by the Consultative Group for International Agricultural Research [CGIAR] plus associated centers funded by international donors outside the CGIAR -- provide an international research system that works on most of the major food crops and animals, food policies, and improvement of national research systems. The system extends to most areas of the developing world.

AID's strategy will promote linkages between the international and regional centers and national programs.

- Continued efforts will be directed toward ascertaining the quality of research at the international and regional centers and toward encouraging the centers to participate actively with national programs.

- The international and regional centers will be encouraged to give continued attention to problems of small farm families and poor consumers and to provide increased attention to the less favored production areas in the less developed countries.

- Liaison efforts will be increased to help keep national programs abreast of centers' products and to help keep the centers abreast of national needs.

Centrally funded research in the future will focus attention more on pathbreaking targets of special opportunity that respond to LDC needs in the long-run as well as in the short-run. Centrally funded projects which apply largely to one region will be collaboratively planned, funded, managed, and evaluated with appropriate regional bureaus and/or missions. These activities will be phased into programs of regional bureaus and/or missions, as appropriate.

D. Other Activities

While technology generation and transfer with particular emphasis on research and extension is a central point of AID's strategy to strengthen human resources and institutional capacities, AID will encourage projects designed to overcome major constraints in the food and agriculture system in other areas identified in CDSSs and regional strategies. The concern for strengthening human resources and institutional capacities applies to strategies to improve country policies and to expand the role of the private sector to

improve distribution of production inputs, mobilization and allocation of financial resources, and marketing, processing, and conserving of products. Projects dealing with such areas as irrigation and on-farm water management, rural roads, agrarian reform, livestock development, aquaculture, fisheries, pest management, natural resource management, agroforestry, and land resettlement will be considered for support where appropriate. Support for infrastructure program components together with technical assistance may be necessary to achieve food and agriculture policy and institutional development objectives.

IV. Strategy to Expand the Role of the Private Sector

AID strategy is to improve the climate for the indigenous private sector in developing countries -- and to facilitate U.S. private sector investment in those countries furthering development objectives. The private sector is considered broadly to include cooperatives and private and voluntary organizations as well as profit-seeking private enterprises. Small farmers comprise the largest portion of the private sector.

No activity can be fully excluded for consideration for private sector participation. For example, even though agricultural research and extension are generally considered to be public sector functions, much research and extension work in the U.S. and in some LDCs is carried out by private businesses. Input manufacture and distribution [e.g., seeds, fertilizers, farm chemicals] and product marketing, processing, storage, and other aspects of reducing post-harvest losses are priority activities for the private sector. These are often operated by small-scale entrepreneurs, are service-oriented, and are often amenable to management improvement.

A. Analysis and Dialogue

USAID missions will collect general information on the role of the private sector in the food and agriculture economy and analyze policies that affect operation of private sector institutions. Three areas that influence realization of the full potential of the private sector to contribute to food and agriculture development will receive special attention:

- government policies and regulations that discourage a supportive private sector role;
- private sector access to market and technical information, credit, infrastructure, services, and materials; and

- deficiencies in management and technical skills.

In countries with potential for improving the role of the private sector in contributing to food and agriculture development, missions are encouraged to carry out more detailed analyses to identify specific policies for change and specific opportunities to improve management. AID/W [S&T and PRE in collaboration with the regional bureaus] will identify and/or obtain in-house personnel and identify outside resources from U.S. private sector agri-business, consulting and other firms, farmer organizations, and private and voluntary organizations [PVOs] with knowledge of private enterprise and competitive markets related to food and agriculture development in LDCs to carry out this analysis and subsequent technical assistance, if desired.

Based on issues identified, missions will hold appropriate discussions with host governments to determine receptivity to change and how such changes might be implemented.

B. Help Countries Improve Efficiency and Effectiveness

USAID missions are encouraged to propose special activities, project components, or projects to improve management capabilities and otherwise expand the role of the private sector in promoting food and agriculture development, including small-scale and medium-scale rural enterprises and marketing.

V. Strategy to Utilize PL 480 Food Aid to Facilitate Development*

[Begin footnote: It is recognized that food aid can have multiple objectives--foreign policy, market development, economic development, and humanitarianism. The focus of this strategy is on economic development; end of footnote].

There are two interrelated sub-elements to utilizing PL 480 food aid more effectively to facilitate development:

- to support AID's strategic emphases to improve country policies, strengthen human resources and institutional capacities, and enhance the role of the private sector as well as to meet food security and nutritional needs of low-income countries, and
- to provide a context for policy dialogue on total U.S. economic assistance to recipient countries.

Regional bureaus, PPC, and FVA will continue to update priority countries to which PL 480 food aid is needed and justified.

A. Support AID's Strategic Emphases

Missions will integrate PL 480 food aid into total country development strategies, with emphasis on the role of food aid in supporting improved country policies, strengthened human resources and institutional capacities, and expanded private sector roles.* [Begin footnote: See UNCLAS State 821304, AIDAC from McPherson, dated January 27, 1982, "Integration of PL 480 Resources."; end of footnote]. The strategies will prescribe selective time-phasing of food aid programs, highlighting those areas where the food-recipient countries can take specific action and areas that AID, in concert with other donors, can promote.

- As a resource transfer in-kind, timely food supplies or local currency food sales proceeds can cushion temporary disruptive effects of change and strengthen a government's resolve to pursue important policy and management reforms.

- Food aid can support a variety of formal and informal institutions, for example, food aid in the form of food-for-work programs. Local currency proceeds from sale of food commodities can help in development of supporting infrastructure often through self-help efforts, help fund other agriculture and rural development projects, and help facilitate small private sector activities.

- Food aid can support human resource development through the use of local currency for important social investments such as nutrition, health, and/or population planning programs.

Food aid has the potential for adversely affecting food production and marketing. Price disincentive effects can be avoided by allocating food in such a way that overall demand is augmented as supply is increased. Food aid requests should be closely examined to ensure that they do not provide means to delay implementation of recommended host country policies or programs to increase production and improve distribution.

In addition to usual PL 480 programming, revenues from PL 480 sales are often made available to host countries through the USDA and other U.S. government agencies to support development activities, including research to promote the generation and transfer of food

and agriculture technologies. USAID missions are encouraged to cooperate with these agencies within the U.S. Country Teams to help guide the selection and implementation of these activities to be supportive of Agency strategic emphases in food and agriculture development. These PL 480 activities will be taken into consideration by S&T and regional bureaus in developing their research and technical assistance programs.

B. Policy Dialogue

PL 480 negotiations can provide an opportunity for dialogue with host country governments to improve country policies, strengthen human resources and institutional capacities, and expand private sector roles. The capability to engage host governments in productive dialogue may be enhanced when PL 480 and non-food AID resource levels are discussed at the same time. U.S. Mission Country Teams will use the opportunity of the negotiations and followup discussions to pursue program and policy dialogue in the context of total U.S. assistance to the country. The greatest potential for entering into productive dialogue normally exists prior to the firm commitment of the resources. Dialogue should, however, be an ongoing process with the host government. Mid-term reviews of Title I or annual reviews of Title II might provide additional opportunities for effectively engaging host governments in continuing discussions.

VI. Implications for Staff and Operations

An important part of the food and agriculture development assistance strategy is to assure that the trained and experienced people are available to get the job done. AID/W and missions will seek ways to more effectively utilize alternative means of program and project planning, management and evaluation.

- Training needs will be reviewed and opportunities developed to improve capabilities of present staff to respond better to new Agency strategies.
- Technical Support to Missions [TSMs], the Joint Career Corps [JCC], Indefinite Quantity Contracts [IQCs], and other innovative modes along with professional foreign service national employees, can be utilized to supplement mission staff.
- Concentration on fewer numbers of major projects with longer continuity will permit staff to focus their managerial and technical capabilities more effectively.